

TED KENNEDY, JR.
P.O. BOX 8124
NEW HAVEN, CT 06530

March 3, 2019

Insurance and Real Estate Committee
Connecticut General Assembly
Legislative Office Building, Room 2800
300 Capitol Avenue
Hartford, CT 06106

RE: H.B. No. 7125, An Act Concerning Mental Health and Substance Use Disorder Benefits

Dear Members of the Insurance and Real Estate Committee:

I am writing **IN SUPPORT of H.B. 7125, An Act Concerning Mental Health and Substance Use Disorder Benefits**, a bill that will improve the lives of countless families across Connecticut who continue to be denied needed mental health treatments by their health insurance plans.

H.B. 7125 contains many needed insurance reforms, particularly in clarifying the definitions of Non-Quantitative Treatment Limitations (NQTLs). According to the Employee Benefits Security Administration (EBSA), 55% of all mental health parity violations are related to NQTLs. By providing clearer definitions for what constitutes an NQTL, **H.B. 7125** will eliminate confusion for both health plans and policyholders, reduce potential abuse by plans that may still employ impermissibly stringent mental health treatment coverage limitations, clarify provider reimbursement rates, and facilitate compliance with federal and state mental health parity laws.

However, I believe that **H.B. 7125** can be significantly improved and strengthened in two important ways, first, by requiring better claims data transparency, and second, by enlarging the networks of mental health providers.

- **H.B. 7125 should require greater claims data transparency.** Health plans should be required to disclose limitations on beneficiaries' mental health and substance abuse coverage that may not apply to other forms of medical treatment. **H.B. 7125** should add language to enable Connecticut to determine if mental health and addiction services are indeed being denied by insurance companies at a significantly higher rate when compared with other forms of medical treatment. There is strong anecdotal evidence to suggest that the number of pre-authorization requests and denials for mental health services still outpace the number of requests and denials for other conditions. If denial rates are not comparable, such practices would violate current mental health parity laws. Better transparency on reimbursement data, information which health plans

already collect but don't always disclose, will reveal whether unfair patterns of unreasonable denials, in fact, exist across the industry.

- **H.B. 7125 should enlarge the networks of mental health providers.** In Connecticut, there exist enormous discrepancies between health plan provider networks of medical/surgical participants and the dramatically more limited panels of providers of mental health and addiction services. A 2017 report by Milliman, a leading independent consulting and actuarial firm, found that in Connecticut, 34% of mental health office visits were out-of-network, compared with only 3% for medical/surgical utilization, a nearly 11-fold difference and the worst gap of any state in the nation (see <http://www.milliman.com/insight/2017/Addiction-and-mental-health-vs-physical-health-Analyzing-disparities-in-network-use-and-provider-reimbursement-rates/>). This stark and undeniable difference between out-of-network utilization rates for behavioral health and medical/surgical services in our state is alarming and unacceptable. Connecticut residents are far less likely to find a provider who takes their insurance and far more likely to face much higher out-of-pocket costs when seeking care, making mental health treatment unaffordable, even for those with "good" insurance. The Milliman findings were recently confirmed by the federal Congressional Budget Office, which also concluded that private payers were effectively denying care to patients because of their exceedingly low reimbursement rates to mental health providers (see <https://www.modernhealthcare.com/article/20190205/NEWS/190209971/commercial-plans-lower-rates-for-mental-healthcare-may-reduce-patient-access>). Simply said, health plans have not contracted with enough mental health providers to meet the needs of their policyholders. Any future mental health reform legislation should also address the network adequacy issue in our state.

The Insurance and Real Estate Committee and the Connecticut General Assembly have already made several attempts to address the twin issues of claims transparency and behavioral health network adequacy. In 2014, H.B. 5373 was passed unanimously by both chambers, only to be vetoed by Governor Malloy after heavy lobbying by the insurance industry who complained about added bureaucracy in the wake of the recent enactment of the federal Affordable Care Act. Then last session, during my tenure as state senator, S.B. 384 passed unanimously out of the senate as LCO #5197 (<https://www.cga.ct.gov/2018/amd/S/pdf/2018SB-00384-R00SA-AMD.pdf>), but was never called for a vote in the house. LCO #5197 from 2018 contains legislative language addressing these two proposed reforms, data transparency and provider panels. This language has already been vetted and endorsed by a broad, bipartisan coalition of legislators and could be easily included in **H.B. 7125**.

I commend the Insurance and Real Estate Committee leadership for introducing these important mental health parity modernization reforms.

Respectfully Submitted,

Ted Kennedy, Jr.